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[Third Reprint]

**ASSEMBLY, No. 2178**

**STATE OF NEW JERSEY**  
**213th LEGISLATURE**

INTRODUCED FEBRUARY 25, 2008

**Sponsored by:**

**Assemblywoman NELLIE POU**

**District 35 (Bergen and Passaic)**

**Assemblyman NEIL M. COHEN**

**District 20 (Union)**

**Assemblyman JERRY GREEN**

**District 22 (Middlesex, Somerset and Union)**

**Co-Sponsored by:**

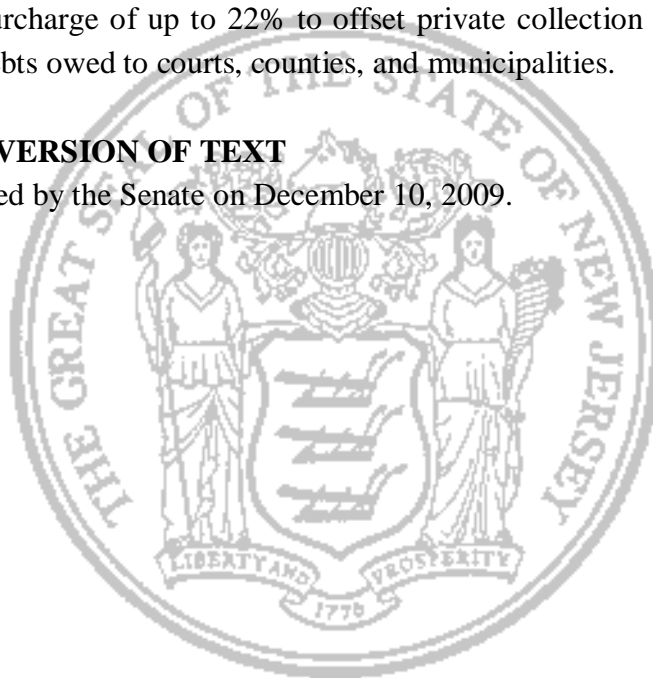
**Assemblyman Schaer and Senator Sarlo**

**SYNOPSIS**

Permits surcharge of up to 22% to offset private collection fees for certain delinquent debts owed to courts, counties, and municipalities.

**CURRENT VERSION OF TEXT**

As amended by the Senate on December 10, 2009.



**(Sponsorship Updated As Of: 1/8/2010)**

1 AN ACT concerning private contracts for the collection of certain  
2 debts owed to the government and amending P.L.1995, c.9,  
3 P.L.2000, c.126, P.L.1983, c.208, and N.J.S.40A:4-39.

4  
5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7  
8 1. Section 6 of P.L.1995, c.9 (C.2B:19-6) is amended to read as  
9 follows:

10 6. a. All matters involving the collection of moneys in the  
11 Superior Court and Tax Court which have not been resolved in  
12 accordance with an order of the court may be transferred, pursuant  
13 to court rule, to the comprehensive enforcement program for such  
14 action as may be appropriate. <sup>1</sup>As an alternative to, or in addition  
15 to, the use of the comprehensive enforcement program, the  
16 Administrative Director of the Courts may contract with a private  
17 agency or firm to collect any outstanding monies payable to the  
18 <sup>2</sup>[superior] Superior<sup>2</sup> Court, the Tax <sup>2</sup>[court] Court<sup>2</sup>, or the  
19 municipal courts. <sup>2</sup>Outstanding monies payable to a municipal  
20 court means monies owed after a final determination of guilt by a  
21 municipal court and only when the municipal court has exhausted  
22 all judicial enforcement remedies permitted by law or court rule.<sup>2</sup>  
23 The use of private collection agencies to collect outstanding monies  
24 payable to the Superior Court, the Tax Court and municipal courts  
25 shall be governed by rules and procedures adopted by the Supreme  
26 Court. The Administrative Director of the Courts may authorize the  
27 assessment of and administrative fee by a private agency or firm not  
28 to exceed <sup>3</sup>[25%] 22%<sup>3</sup> of the amount collected to be paid by the  
29 defendant to the private collection agency to pay for the costs of  
30 collection.<sup>1</sup>

31 b. (1) A municipal court may request that all matters which  
32 have not been resolved in accordance with an order of that court be  
33 transferred to the comprehensive enforcement program in  
34 accordance with the provisions of section 9 of P.L.1995, c.9  
35 (C.2B:19-9) for such action as may be appropriate. All moneys  
36 collected through the comprehensive enforcement program which  
37 result from the enforcing of orders transferred from any municipal  
38 court shall be subject to the 25% deduction authorized pursuant to  
39 section 4 of <sup>2</sup>[this act] P.L.1995, c.9 (C.2B:19-4)<sup>2</sup> except for  
40 moneys collected in connection with the enforcement of orders  
41 related to parking violations.

**EXPLANATION** – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Assembly AAP committee amendments adopted March 10, 2008.

<sup>2</sup>Senate floor amendments adopted December 15, 2008.

<sup>3</sup>Senate floor amendments adopted December 10, 2009.

1 (2) <sup>1</sup>~~Nothing contained in this act shall prevent any municipal~~  
2 ~~court or the comprehensive enforcement program of the State from~~  
3 ~~contracting the services of a private collection agency to collect any~~  
4 ~~moneys which have not been remitted in accordance with an order~~  
5 ~~of that court. The municipal courts and the comprehensive~~  
6 ~~enforcement program are authorized to add a fee onto outstanding~~  
7 ~~fin<sup>1</sup>es, fees, costs, surcharges, and other penalties of up to 25% to~~  
8 ~~pay the cost of the private collection agency.] (Deleted by~~  
9 ~~amendment, P.L. , c. ) (pending before the Legislature as this bill)<sup>1</sup>~~

10 c. The Director of the Division of Motor Vehicles may refer  
11 matters of surcharges imposed administratively under the New  
12 Jersey Merit Rating Plan in accordance with the provisions of  
13 section 6 of P.L.1983, c.65 (C.17:29A-35) which have not been  
14 satisfied to the comprehensive enforcement program in accordance  
15 with the procedures established pursuant to section 4 of P.L.1997,  
16 c.280 (C.2B:19-10) to be reduced to judgment and for such  
17 additional action as may be appropriate. All moneys collected  
18 through the comprehensive enforcement program which result from  
19 the collection of these surcharge moneys shall be subject to the 25%  
20 deduction authorized pursuant to section 4 of P.L.1995, c.9  
21 (C.2B:19-4).

22 d. (1) At the request of the Public Defender, the Clerk of the  
23 Superior Court shall refer every unsatisfied lien, filed by the Public  
24 Defender, to the comprehensive enforcement program for  
25 collection. All moneys collected through the comprehensive  
26 enforcement program which result from the collection of these liens  
27 shall be subject to the deduction authorized pursuant to section 4 of  
28 P.L.1995, c.9 (C.2B:19-4).

29 (2) Upon satisfaction of a public defender lien through the  
30 comprehensive enforcement program, the comprehensive  
31 enforcement program shall notify the Clerk of the Superior Court  
32 within 10 days of satisfaction and the satisfaction of the lien shall  
33 be entered in the Superior Court Judgment Index.

34 (cf: P.L.2001, c.421, s.2)

35

36 <sup>2</sup>[2. Section 37 of P.L.2000, c.126 (C.40:23-6.53) is amended to  
37 read as follows:

38 37. The governing body of any county may enter into a contract  
39 with a private agency or firm for the purpose of collecting any  
40 delinquent <sup>1</sup>taxes, <sup>1</sup>fees <sup>1</sup>[or], <sup>1</sup>fin<sup>1</sup>es<sup>1</sup>, costs, surcharges and other  
41 penalties or assessments that are<sup>1</sup> owed to the county <sup>1</sup>or imposed  
42 by a municipal court<sup>1</sup>. <sup>1</sup>With regard to fines, costs, surcharges and  
43 other assessments imposed by a municipal court, the governing  
44 body may proceed only when the court has exhausted all  
45 enforcement remedies and has relinquished jurisdiction of the  
46 enforcement of the penalties. The use of private agencies or firms  
47 to collect penalties imposed by a court shall be in accordance with

1 rules or procedures adopted by the Supreme Court.<sup>1</sup> Any such  
2 contract shall be made pursuant to the provisions of the "Local  
3 Public Contracts Law," P.L.1971, c.198 (C.40A:11-1 et seq.). The  
4 governing body of any county <sup>1</sup>[is authorized to add a fee to any  
5 outstanding amount mentioned above of up to 25% of the  
6 delinquency to pay the cost of the private agency or firm  
7 performing the] may authorize the assessment of a fee by a private  
8 agency or firm not to exceed 25% of the amount collected to be  
9 paid by the debtor to the private agency or firm to pay for the costs  
10 of<sup>1</sup> collection.

11 (cf: P.L.2000, c.126, s.37)]<sup>2</sup>

12  
13 <sup>2</sup>2. Section 37 of P.L.2000, c.126 (C.40:23-6.53) is amended to  
14 read as follows:

15 37. The governing body of any county may enter into a contract  
16 with a private agency or firm for the purpose of collecting **[any]**  
17 **delinquent fees [or], fines [owed to the county], costs, surcharges,**  
18 **and other penalties or assessments imposed, after a final**  
19 **determination of guilt, by a central municipal court established**  
20 **pursuant to subsection e. of N.J.S.2B:12-1. The use of private**  
21 **agencies or firms to collect delinquent fees, fines, costs, surcharges**  
22 **and other penalties or assessments imposed by a central municipal**  
23 **court shall be in accordance with rules or procedures adopted by the**  
24 **Supreme Court.** Any such contract shall be made pursuant to the  
25 provisions of the "Local Public Contracts Law," P.L.1971, c.198  
26 (C.40A:11-1 et seq.). The governing body of any county may  
27 authorize the assessment of a fee by a private agency or firm not to  
28 exceed <sup>3</sup>[25%.] <sup>3</sup>22% <sup>3</sup> of the amount collected to be paid by the  
29 debtor to the private agency or firm to pay for the costs of  
30 collection.<sup>2</sup>

31 (cf: P.L.2000, c.126, s.37)

32  
33 <sup>2</sup>[3. Section 1 of P.L.1983, c.208 (C.40:48-5a) is amended to  
34 read as follows:

35 1. The governing body of any municipality may enter into  
36 contract with a private agency or firm for the purpose of collecting  
37 delinquent <sup>1</sup>taxes, fees,<sup>1</sup> fines, costs, surcharges and other penalties  
38 <sup>1</sup>or assessments<sup>1</sup> that are owed <sup>1</sup>**[to or required to be collected by]**<sup>1</sup>  
39 the municipality <sup>1</sup>**[as a result of any municipal court matter,**  
40 including, but not limited to parking violation fines and motor  
41 vehicle violation fines] or imposed by a municipal court<sup>1</sup> . <sup>1</sup>With  
42 regard to fines, costs, surcharges or other assessments imposed by a  
43 municipal court, the governing body may proceed only when the  
44 court has exhausted all enforcement remedies and has relinquished  
45 jurisdiction of the enforcement of the penalties. The use of private  
46 agencies or firms to collect penalties imposed by a court shall be in

1 accordance with rules or procedures adopted by the Supreme  
 2 Court.<sup>1</sup> Any such contract shall be made and awarded pursuant to  
 3 the provisions of the "Local Public Contracts Law," P.L.1971, c.198  
 4 (C.40A:11-1 et seq.). The governing body of any municipality [is  
 5 authorized to add a fee to any outstanding amount mentioned above  
 6 of up to 25% of the delinquency to pay the cost of the private  
 7 agency or firm performing the] <sup>1</sup>may authorize the assessment of a  
 8 fee by a private agency or firm not to exceed 25% of the amount  
 9 collected to be paid by the debtor to the private agency or firm to  
 10 pay for the costs of<sup>1</sup> collection.  
 11 (cf: P.L.1997, c.212, s.1)]<sup>2</sup>

12  
 13 <sup>2</sup>3. Section 1 of P.L.1983, c.208 (C.40:48-5a) is amended to  
 14 read as follows:

15 1. The governing body of any municipality may enter into  
 16 contract with a private agency or firm for the purpose of collecting  
 17 delinquent fees, fines, costs, surcharges and other penalties [that  
 18 are owed to or required to be collected by the municipality as a  
 19 result of any municipal court matter, including, but not limited to  
 20 parking violation fines and motor vehicle violation fines] or  
 21 assessments imposed, after a final determination of guilt, by a  
 22 municipal court. The governing body of any municipality may  
 23 proceed only when the court has exhausted all judicial enforcement  
 24 remedies permitted by law or court rule and the Administrative  
 25 Director of the Courts has authorized collection through a private  
 26 agency or firm. The use of private agencies or firms to collect  
 27 delinquent fees, fines, costs, surcharges, and other penalties or  
 28 assessments imposed by a municipal court shall be in accordance  
 29 with rules or procedures adopted by the Supreme Court. Any such  
 30 contract shall be made and awarded pursuant to the provisions of  
 31 the "Local Public Contracts Law," P.L.1971, c. 198 (C.40A:11-1 et  
 32 seq.). The governing body of any municipality may authorize the  
 33 assessment of a fee by a private agency or firm not to exceed  
 34 <sup>3</sup>[25%] 22%<sup>3</sup> of the amount collected to be paid by the debtor to  
 35 the private agency or firm to pay for the costs of collection.<sup>2</sup>  
 36 (cf: P.L.1997, c.212, s.1)

37  
 38 4. N.J.S.40A:4-39 is amended to read as follows:

39 40A:4-39. a. In the budget of any local unit, dedicated revenues  
 40 anticipated during the fiscal year from any dog tax, dog license,  
 41 revenues collected pursuant to N.J.S.18A:39-1.2, solid fuel license,  
 42 sinking fund for term bonds, bequest, escheat, federal grant, motor  
 43 vehicle fine dedicated to road repairs, relocation costs deposited  
 44 into a revolving relocation assistance fund established pursuant to  
 45 section 2 of P.L.1987, c.98 (C.20:4-4.1a), fee revenues collected in  
 46 connection with recreation programs operated pursuant to section 2  
 47 of P.L.1999, c.292 (C.40:48-2.56), receipts from franchise

1 assessments levied pursuant to section 4 of P.L.1995, c.173  
2 (C.40A:12A-53) to be retained by the municipality, refund  
3 payments from a joint insurance fund deposited into a joint  
4 insurance revolving fund established pursuant to section 12 of  
5 P.L.1996, c.113 (C.40A:10-36.2), fee revenues imposed on  
6 delinquent amounts owed to the county or municipality and  
7 collected pursuant to section 37 of P.L.2000, c.126 (C.40:23-6.53)  
8 (as amended by section 2 of this bill) <sup>2</sup>[and] <sup>2</sup>or<sup>2</sup> section 1 of  
9 P.L.1983, c.208 (C.40:48-5a) (as amended by section 3 of this bill),  
10 and, subject to the prior written consent of the director, other items  
11 of like character when the revenue is not subject to reasonably  
12 accurate estimate in advance, may be included in said budget by  
13 annexing to said budget a statement in substantially the following  
14 form:

15 "The dedicated revenues anticipated during the year ..... from  
16 ..... (here insert one or more of the sources above, as the case may  
17 be) are hereby anticipated as revenue and are hereby appropriated  
18 for the purposes to which said revenue is dedicated by statute or  
19 other legal requirement."

20 b. Dedicated revenues included in accordance with this section  
21 shall be available for expenditure by the local unit as and when  
22 received in cash during the fiscal year. The inclusion of such  
23 dedicated revenues shall be subject to the approval of the director,  
24 who may require such explanatory statements or data in connection  
25 therewith as the director deems advisable for the information and  
26 protection of the public.

27 (cf: P.L.1999, c.292, s.1)

28

29 5. This act shall take effect immediately.



# ASSEMBLY, No. 2178

## STATE OF NEW JERSEY 213th LEGISLATURE

INTRODUCED FEBRUARY 25, 2008

**Sponsored by:**

**Assemblywoman NELLIE POU**

**District 35 (Bergen and Passaic)**

**Assemblyman NEIL M. COHEN**

**District 20 (Union)**

**Assemblyman JERRY GREEN**

**District 22 (Middlesex, Somerset and Union)**

**SYNOPSIS**

Permits surcharge of up to 25% to offset private collection fees for certain delinquent debts owed to courts, counties, and municipalities.

**CURRENT VERSION OF TEXT**

As introduced.



(Sponsorship Updated As Of: 2/29/2008)

1 AN ACT concerning private contracts for the collection of certain  
2 debts owed to the government and amending P.L.1995, c.9,  
3 P.L.2000, c.126, P.L.1983, c.208, and N.J.S.40A:4-39.

4  
5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7  
8 1. Section 6 of P.L.1995, c.9 (C.2B:19-6) is amended to read as  
9 follows:

10 6. a. All matters involving the collection of moneys in the  
11 Superior Court and Tax Court which have not been resolved in  
12 accordance with an order of the court may be transferred, pursuant  
13 to court rule, to the comprehensive enforcement program for such  
14 action as may be appropriate.

15 b. (1) A municipal court may request that all matters which have  
16 not been resolved in accordance with an order of that court be  
17 transferred to the comprehensive enforcement program in  
18 accordance with the provisions of section 9 of P.L.1995, c.9  
19 (C.2B:19-9) for such action as may be appropriate. All moneys  
20 collected through the comprehensive enforcement program which  
21 result from the enforcing of orders transferred from any municipal  
22 court shall be subject to the 25% deduction authorized pursuant to  
23 section 4 of this act except for moneys collected in connection with  
24 the enforcement of orders related to parking violations.

25 (2) Nothing contained in this act shall prevent any municipal  
26 court or the comprehensive enforcement program of the State from  
27 contracting the services of a private collection agency to collect any  
28 moneys which have not been remitted in accordance with an order  
29 of that court. The municipal courts and the comprehensive  
30 enforcement program are authorized to add a fee onto outstanding  
31 finest, fees, costs, surcharges, and other penalties of up to 25% to  
32 pay the cost of the private collection agency.

33 c. The Director of the Division of Motor Vehicles may refer  
34 matters of surcharges imposed administratively under the New  
35 Jersey Merit Rating Plan in accordance with the provisions of  
36 section 6 of P.L.1983, c.65 (C.17:29A-35) which have not been  
37 satisfied to the comprehensive enforcement program in accordance  
38 with the procedures established pursuant to section 4 of P.L.1997,  
39 c.280 (C.2B:19-10) to be reduced to judgment and for such  
40 additional action as may be appropriate. All moneys collected  
41 through the comprehensive enforcement program which result from  
42 the collection of these surcharge moneys shall be subject to the 25%  
43 deduction authorized pursuant to section 4 of P.L.1995, c.9  
44 (C.2B:19-4).

**EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

**Matter underlined thus is new matter.**

1 d. (1) At the request of the Public Defender, the Clerk of the  
2 Superior Court shall refer every unsatisfied lien, filed by the Public  
3 Defender, to the comprehensive enforcement program for  
4 collection. All moneys collected through the comprehensive  
5 enforcement program which result from the collection of these liens  
6 shall be subject to the deduction authorized pursuant to section 4 of  
7 P.L.1995, c.9 (C.2B:19-4).

8 (2) Upon satisfaction of a public defender lien through the  
9 comprehensive enforcement program, the comprehensive  
10 enforcement program shall notify the Clerk of the Superior Court  
11 within 10 days of satisfaction and the satisfaction of the lien shall  
12 be entered in the Superior Court Judgment Index.

13 (cf: P.L.2001, c.421, s.2)

14  
15 2. Section 37 of P.L.2000, c.126 (C.40:23-6.53) is amended to  
16 read as follows:

17 37. The governing body of any county may enter into a contract  
18 with a private agency or firm for the purpose of collecting any  
19 delinquent fees or fines owed to the county. Any such contract  
20 shall be made pursuant to the provisions of the "Local Public  
21 Contracts Law," P.L.1971, c.198 (C.40A:11-1 et seq.). The  
22 governing body of any county is authorized to add a fee to any  
23 outstanding amount mentioned above of up to 25% of the  
24 delinquency to pay the cost of the private agency or firm  
25 performing the collection.

26 (cf: P.L.2000, c.126, s.37)

27  
28 3. Section 1 of P.L.1983, c.208 (C.40:48-5a) is amended to read  
29 as follows:

30 1. The governing body of any municipality may enter into  
31 contract with a private agency or firm for the purpose of collecting  
32 delinquent fines, costs, surcharges and other penalties that are owed  
33 to or required to be collected by the municipality as a result of any  
34 municipal court matter, including, but not limited to parking  
35 violation fines and motor vehicle violation fines. Any such contract  
36 shall be made and awarded pursuant to the provisions of the "Local  
37 Public Contracts Law," P.L.1971, c.198 (C.40A:11-1 et seq.). The  
38 governing body of any municipality is authorized to add a fee to  
39 any outstanding amount mentioned above of up to 25% of the  
40 delinquency to pay the cost of the private agency or firm  
41 performing the collection.

42 (cf: P.L.1997, c.212, s.1)

43  
44 4. N.J.S.40A:4-39 is amended to read as follows:

45 40A:4-39. a. In the budget of any local unit, dedicated revenues  
46 anticipated during the fiscal year from any dog tax, dog license,  
47 revenues collected pursuant to N.J.S.18A:39-1.2, solid fuel license,  
48 sinking fund for term bonds, bequest, escheat, federal grant, motor

1 vehicle fine dedicated to road repairs, relocation costs deposited  
2 into a revolving relocation assistance fund established pursuant to  
3 section 2 of P.L.1987, c.98 (C.20:4-4.1a), fee revenues collected in  
4 connection with recreation programs operated pursuant to section 2  
5 of P.L.1999, c.292 (C.40:48-2.56), receipts from franchise  
6 assessments levied pursuant to section 4 of P.L.1995, c.173  
7 (C.40A:12A-53) to be retained by the municipality, refund  
8 payments from a joint insurance fund deposited into a joint  
9 insurance revolving fund established pursuant to section 12 of  
10 P.L.1996, c.113 (C.40A:10-36.2), fee revenues imposed on  
11 delinquent amounts owed to the county or municipality and  
12 collected pursuant to section 37 of P.L.2000, c.126 (C.40:23-6.53)  
13 (as amended by section 2 of this bill) and section 1 of P.L.1983,  
14 c.208 (C.40:48-5a) (as amended by section 3 of this bill), and,  
15 subject to the prior written consent of the director, other items of  
16 like character when the revenue is not subject to reasonably  
17 accurate estimate in advance, may be included in said budget by  
18 annexing to said budget a statement in substantially the following  
19 form:

20 "The dedicated revenues anticipated during the year ..... from  
21 ..... (here insert one or more of the sources above, as the case may  
22 be) are hereby anticipated as revenue and are hereby appropriated  
23 for the purposes to which said revenue is dedicated by statute or  
24 other legal requirement."

25 b. Dedicated revenues included in accordance with this section  
26 shall be available for expenditure by the local unit as and when  
27 received in cash during the fiscal year. The inclusion of such  
28 dedicated revenues shall be subject to the approval of the director,  
29 who may require such explanatory statements or data in connection  
30 therewith as the director deems advisable for the information and  
31 protection of the public.

32 (cf: P.L.1999, c.292, s.1)

33

34 5. This act shall take effect immediately.

35

36

37

#### STATEMENT

38

39 This bill would permit the comprehensive enforcement program  
40 of the State, municipal courts, counties, and municipalities to place  
41 a surcharge on delinquent debts of up to 25% to pay the costs of  
42 hiring a private debt collector. Those debts would include  
43 delinquent fines, fees, costs, surcharges, restitution, and other  
44 penalties. Under current law counties, municipal courts, and  
45 municipalities have the ability to hire private debt collectors, but  
46 then must pay them out of the delinquent monies collected, or from  
47 the county or municipal general fund. The bill would allow the  
48 comprehensive enforcement program of the State, municipal courts,

1 municipalities, as well as counties, to make the delinquent debtor  
2 responsible for paying the costs of private collection, up to 25% of  
3 the amount of the delinquency. Collection surcharges that are  
4 collected by the county, municipality, or remitted to them by private  
5 debt collectors, would be dedicated revenues of the county or  
6 municipality, as applicable, to be used solely to pay the fees  
7 charged by the private debt collectors.

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

### **ASSEMBLY, No. 2178**

with Assembly committee amendments

# **STATE OF NEW JERSEY**

DATED: MARCH 10, 2008

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2178, with committee amendments.

Assembly Bill No. 2178, as amended, permits the Administrative Director of the Courts, pursuant to rules and procedures adopted by the Supreme Court, to contract with private collection agencies or firms to collect outstanding monies payable to the Superior Court, the Tax Court, or the municipal courts as an alternative to, or in addition to, the use of the comprehensive enforcement program. The bill empowers the Administrative Director of the Courts to authorize the assessment of an administrative fee, not to exceed 25% of the amount collected, to be paid by the defendant to the private collection agency to pay for the costs of collection.

The comprehensive enforcement program was established in 1995 to increase the collection of judicially imposed financial penalties and to improve the enforcement of court orders. This court is staffed by hearing officers and was originally responsible for the collection of fines and other monetary penalties imposed in both civil and criminal cases, and has since been expanded to hear other issues. The necessary diversion of collected monies to fund enforcement activities has been a bar to the use of this program by eligible State and local agency participants, and the assessment of collection costs from defendants will allow participants to collect 100% of the amounts due.

Under current law counties, municipal courts, and municipalities have the ability to hire private debt collectors, but then must pay them out of the delinquent monies collected, or from the county or municipal general fund. This bill would also allow counties and municipalities to authorize the assessment of a fee by a private agency or firm, not to exceed 25% of the amount collected, to be paid by the debtor. In the case of fines, costs, surcharges, and other assessments imposed by a municipal court, the county or municipality may only proceed if the court has exhausted all enforcement remedies and has relinquished jurisdiction of the enforcement of the penalties. The use of private collection agencies to collect penalties imposed by a court must be in accordance with rules and procedures adopted by the Supreme Court.

The bill clarifies that collection surcharges that are collected by a county or municipality, or remitted to them by private debt collectors, are be dedicated revenues of the county or municipality, as applicable, to be used solely to pay the fees charged by the private debt collectors.

FISCAL IMPACT:

The Administrative Office of the Courts is unable, without further work, to determine the value of outstanding indebtedness that is eligible for private collection, and without historical knowledge of the success of private collection is unable to predict the fiscal impact of the bill. Prior to bidding, the likely rates to be charged by debt collection agencies and private firms are unknown, and the many potential categories of payees and years involved make the payment expectations for those categories difficult to determine.

The Administrative Office of the Courts notes that it is likely that costs for some information technology modifications will be necessary to implement the bill.

COMMITTEE AMENDMENTS:

The amendments permit the Administrative Director of the Courts, pursuant to rules and procedures adopted by the Supreme Court, to contract with private collection agencies or firms to collect outstanding monies payable to the Superior Court, the Tax Court, or the municipal courts.

The amendments provide that, in the case of fines, costs, surcharges, and other assessments imposed by a municipal court, the county or municipality may only proceed if the court has exhausted all enforcement remedies and has relinquished jurisdiction of the enforcement of the penalties, and that the use of private collection agencies to collect penalties imposed by a court must be in accordance with rules and procedures adopted by the Supreme Court.

The amendments clarify that the fee charge by a private agency or firm may not exceed 25% of the amount collected, rather than 25% of the amount of the delinquency.

**FISCAL NOTE**  
[First Reprint]  
**ASSEMBLY, No. 2178**  
**STATE OF NEW JERSEY**  
**213th LEGISLATURE**

DATED: APRIL 11, 2008

**SUMMARY**

**Synopsis:** Permits surcharge of up to 25% to offset private collection fees for certain delinquent debts owed to courts, counties, and municipalities.

**Type of Impact:** Comprehensive Enforcement Fund revenue, local government revenue

**Agencies Affected:** Judiciary, local governments

**Executive Estimate**

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>State Cost</b>	Cannot be determined - See comments below		
<b>State Revenue</b>	Cannot be determined - See comments below		
<b>Local Revenue</b>	Cannot be determined - See comments below		

- The Office of Legislative Services **concurs** with the Executive estimate.
- The bill would permit the Administrative Director of the Courts, pursuant to rules and procedures adopted by the Supreme Court, to contract with private collection agencies or firms to collect outstanding monies payable to the Superior Court, the Tax Court, or the municipal courts as an alternative to, or in addition to, the use of the comprehensive enforcement program. The bill empowers the Administrative Director of the Courts to authorize the assessment of an administrative fee, not to exceed 25 percent of the amount collected, to be paid by the defendant to the private collection agency to pay for the costs of collection.
- The Administrative Office of the Courts (AOC) states that the Judiciary is unable to predict the fiscal impact of this legislation.

**BILL DESCRIPTION**

Assembly Bill No. 2178 (1R) of 2008 permits the Administrative Director of the Courts, pursuant to rules and procedures adopted by the Supreme Court, to contract with private



collection agencies or firms to collect outstanding monies payable to the Superior Court, the Tax Court, or the municipal courts as an alternative to, or in addition to, the use of the comprehensive enforcement program. The bill empowers the Administrative Director of the Courts to authorize the assessment of an administrative fee, not to exceed 25 percent of the amount collected, to be paid by the defendant to the private collection agency to pay for the costs of collection.

Under current law counties, municipal courts, and municipalities have the ability to hire private debt collectors, but then must pay them out of the delinquent monies collected, or from the county or municipal general fund. This bill would also allow counties and municipalities to authorize the assessment of a fee by a private agency or firm, not to exceed 25 percent of the amount collected, to be paid by the debtor. In the case of fines, costs, surcharges, and other assessments imposed by a municipal court, the county or municipality may only proceed if the court has exhausted all enforcement remedies and has relinquished jurisdiction of the enforcement of the penalties. The use of private collection agencies to collect penalties imposed by a court must be in accordance with rules and procedures adopted by the Supreme Court.

The bill clarifies that collection surcharges that are collected by a county or municipality, or remitted to them by private debt collectors, are to be dedicated revenues of the county or municipality, as applicable, to be used solely to pay the fees charged by the private debt collectors.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

The AOC states that with regards to revenue, the distribution of revenue to municipal, county and state entities depends on who writes the summons as well as the underlying offense. Moreover, programming to extract information on uncollected court debt that would be eligible for private collection is complicated because of multiple payees and years involved and would therefore, require additional time to produce. Without precise knowledge as to what is collected today, the AOC notes that the Judiciary is unable to predict the fiscal impact of this legislation. The AOC also states that the Judiciary does not have the historical knowledge essential to determining the success of private collection efforts in the pursuit of these delinquent debts owed.

The AOC also notes that with regards to costs, while it is unable to predict with any certainty the cost to implement the legislation, it is likely that some information technology modifications will be necessary.

### ***OFFICE OF LEGISLATIVE SERVICES***

The Office of Legislative Services concurs with the Executive estimate.

*Section: Judiciary*

*Analyst: Anne Raughley  
Principal Fiscal Analyst*

*Approved: David J. Rosen  
Legislative Budget and Finance Officer*

STATEMENT TO  
[First Reprint]  
**ASSEMBLY, No. 2178**

with Senate Floor Amendments  
(Proposed By Senator SARLO)

ADOPTED: DECEMBER 15, 2008

These floor amendments would:

- delete provisions that would have allowed counties and municipalities to contract with private firms to collect delinquent taxes;
- clarify that contracts with private firms are authorized for the collection of delinquent amounts that were imposed by a court after a final determination of guilt;
- clarify that the power of a county to contract with a private firm to collect delinquent amounts is limited to counties that are authorized under current law (N.J.S.A.2B:12-1 e.) to establish central municipal courts.

STATEMENT TO  
[Second Reprint]  
**ASSEMBLY, No. 2178**

with Senate Floor Amendments  
(Proposed by Senator SARLO)

ADOPTED: DECEMBER 10, 2009

These floor amendments reduce the percentage of the administrative fee authorized under the bill to be assessed against a defendant by a private collection agency or firm from 25% of the amount owed to 22% of the amount owed.

**FISCAL NOTE**  
[Third Reprint]  
**ASSEMBLY, No. 2178**  
**STATE OF NEW JERSEY**  
**213th LEGISLATURE**

DATED: JANUARY 31, 2011

**SUMMARY**

**Synopsis:** Permits surcharge of up to 22% to offset private collection fees for certain delinquent debts owed to courts, counties, and municipalities.

**Type of Impact:** Comprehensive Enforcement Fund revenue, local government revenue

**Agencies Affected:** Judiciary, local governments

**Executive Estimate**

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>State Cost</b>	Cannot be determined - See comments below		
<b>State Revenue</b>	Cannot be determined - See comments below		
<b>Local Revenue</b>	Cannot be determined - See comments below		

- The Office of Legislative Services **concurs** with the Executive estimate.
- The bill would permit the Administrative Director of the Courts, pursuant to rules and procedures adopted by the Supreme Court, to contract with private collection agencies or firms to collect outstanding monies payable to the Superior Court, the Tax Court, or the municipal courts as an alternative to, or in addition to, the use of the comprehensive enforcement program. The bill empowers the Administrative Director of the Courts to authorize the assessment of an administrative fee, not to exceed 22 percent of the amount collected, to be paid by the defendant to the private collection agency to pay for the costs of collection.
- The Administrative Office of the Courts (AOC) states that the Judiciary is unable to predict the fiscal impact of this legislation.

**BILL DESCRIPTION**

Assembly Bill No. 2178 (3R) of 2008 permits the Administrative Director of the Courts, pursuant to rules and procedures adopted by the Supreme Court, to contract with private

collection agencies or firms to collect outstanding monies payable to the Superior Court, the Tax Court, or the municipal courts as an alternative to, or in addition to, the use of the comprehensive enforcement program. The bill empowers the Administrative Director of the Courts to authorize the assessment of an administrative fee, not to exceed 22 percent of the amount collected, to be paid by the defendant to the private collection agency to pay for the costs of collection.

The bill also allows counties to enter into a contract with a private agency or firm for the purpose of collecting delinquent fees, fines, costs, surcharges, and other penalties or assessments imposed, after a final determination of guilt, by a central municipal court established pursuant to subsection e. of N.J.S.2B:12-1. The use of private agencies or firms to collect delinquent fees, fines, costs, surcharges and other penalties or assessments imposed by a central municipal court shall be in accordance with rules or procedures adopted by the Supreme Court. The bill would allow counties to authorize the assessment of a fee by a private agency or firm, not to exceed 22 percent of the assessment imposed to be paid by the debtor to the private agency or firm to pay for the costs of collection.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

The AOC states that with regards to revenue, the distribution of revenue to municipal, county and state entities depends on who writes the summons as well as the underlying offense. Moreover, programming to extract information on uncollected court debt that would be eligible for private collection is complicated because of multiple payees and years involved and would therefore, require additional time to produce. Without precise knowledge as to what is collected today, the AOC notes that the Judiciary is unable to predict the fiscal impact of this legislation. The AOC also states that the Judiciary does not have the historical knowledge essential to determining the success of private collection efforts in the pursuit of these delinquent debts owed.

The AOC also notes that with regards to costs, while it is unable to predict with any certainty the cost to implement the legislation, it is likely that some information technology modifications will be necessary.

### ***OFFICE OF LEGISLATIVE SERVICES***

The Office of Legislative Services concurs with the Executive estimate.

*Section:           Judiciary*  
*Analyst:          Anne Raughley*  
*Principal Fiscal Analyst*  
*Approved:       David J. Rosen*  
*Legislative Budget and Finance Officer*

# SENATE, No. 986

## STATE OF NEW JERSEY 213th LEGISLATURE

INTRODUCED JANUARY 28, 2008

**Sponsored by:**  
**Senator PAUL A. SARLO**  
**District 36 (Bergen, Essex and Passaic)**

### **SYNOPSIS**

Permits surcharge of up to 25% to offset private collection fees for certain delinquent debts owed to courts, counties, and municipalities.

### **CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning private contracts for the collection of certain  
2 debts owed to the government and amending P.L.1995, c.9,  
3 P.L.2000, c.126, P.L.1983, c.208, and N.J.S.40A:4-39.

4  
5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7  
8 1. Section 6 of P.L.1995, c.9 (C.2B:19-6) is amended to read as  
9 follows:

10 6. a. All matters involving the collection of moneys in the  
11 Superior Court and Tax Court which have not been resolved in  
12 accordance with an order of the court may be transferred, pursuant  
13 to court rule, to the comprehensive enforcement program for such  
14 action as may be appropriate.

15 b. (1) A municipal court may request that all matters which  
16 have not been resolved in accordance with an order of that court be  
17 transferred to the comprehensive enforcement program in  
18 accordance with the provisions of section 9 of P.L.1995, c.9  
19 (C.2B:19-9) for such action as may be appropriate. All moneys  
20 collected through the comprehensive enforcement program which  
21 result from the enforcing of orders transferred from any municipal  
22 court shall be subject to the 25% deduction authorized pursuant to  
23 section 4 of this act except for moneys collected in connection with  
24 the enforcement of orders related to parking violations.

25 (2) Nothing contained in this act shall prevent any municipal  
26 court or the comprehensive enforcement program of the State from  
27 contracting the services of a private collection agency to collect any  
28 moneys which have not been remitted in accordance with an order  
29 of that court. The municipal courts and the comprehensive  
30 enforcement program are authorized to add a fee onto outstanding  
31 finer, fees, costs, surcharges, and other penalties of up to 25% to  
32 pay the cost of the private collection agency.

33 c. The Director of the Division of Motor Vehicles may refer  
34 matters of surcharges imposed administratively under the New  
35 Jersey Merit Rating Plan in accordance with the provisions of  
36 section 6 of P.L.1983, c.65 (C.17:29A-35) which have not been  
37 satisfied to the comprehensive enforcement program in accordance  
38 with the procedures established pursuant to section 4 of P.L.1997,  
39 c.280 (C.2B:19-10) to be reduced to judgment and for such  
40 additional action as may be appropriate. All moneys collected  
41 through the comprehensive enforcement program which result from  
42 the collection of these surcharge moneys shall be subject to the 25%  
43 deduction authorized pursuant to section 4 of P.L.1995, c.9  
44 (C.2B:19-4).

**EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

**Matter underlined thus is new matter.**

1 d. (1) At the request of the Public Defender, the Clerk of the  
2 Superior Court shall refer every unsatisfied lien, filed by the Public  
3 Defender, to the comprehensive enforcement program for  
4 collection. All moneys collected through the comprehensive  
5 enforcement program which result from the collection of these liens  
6 shall be subject to the deduction authorized pursuant to section 4 of  
7 P.L.1995, c.9 (C.2B:19-4).

8 (2) Upon satisfaction of a public defender lien through the  
9 comprehensive enforcement program, the comprehensive  
10 enforcement program shall notify the Clerk of the Superior Court  
11 within 10 days of satisfaction and the satisfaction of the lien shall  
12 be entered in the Superior Court Judgment Index.  
13 (cf: P.L.2001, c.421, s.2)

14  
15 2. Section 37 of P.L.2000, c.126 (C.40:23-6.53) is amended to  
16 read as follows:

17 37. The governing body of any county may enter into a contract  
18 with a private agency or firm for the purpose of collecting any  
19 delinquent fees or fines owed to the county. Any such contract  
20 shall be made pursuant to the provisions of the "Local Public  
21 Contracts Law," P.L.1971, c.198 (C.40A:11-1 et seq.). The  
22 governing body of any county is authorized to add a fee to any  
23 outstanding amount mentioned above of up to 25% of the  
24 delinquency to pay the cost of the private agency or firm  
25 performing the collection.

26 (cf: P.L.2000, c.126, s.37)

27  
28 3. Section 1 of P.L.1983, c.208 (C.40:48-5a) is amended to  
29 read as follows:

30 1. The governing body of any municipality may enter into  
31 contract with a private agency or firm for the purpose of collecting  
32 delinquent fines, costs, surcharges and other penalties that are owed  
33 to or required to be collected by the municipality as a result of any  
34 municipal court matter, including, but not limited to parking  
35 violation fines and motor vehicle violation fines. Any such contract  
36 shall be made and awarded pursuant to the provisions of the "Local  
37 Public Contracts Law," P.L.1971, c.198 (C.40A:11-1 et seq.). The  
38 governing body of any municipality is authorized to add a fee to  
39 any outstanding amount mentioned above of up to 25% of the  
40 delinquency to pay the cost of the private agency or firm  
41 performing the collection.

42 (cf: P.L.1997, c.212, s.1)

43  
44 4. N.J.S.40A:4-39 is amended to read as follows:

45 40A:4-39. a. In the budget of any local unit, dedicated revenues  
46 anticipated during the fiscal year from any dog tax, dog license,  
47 revenues collected pursuant to N.J.S.18A:39-1.2, solid fuel license,  
48 sinking fund for term bonds, bequest, escheat, federal grant, motor



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1 vehicle fine dedicated to road repairs, relocation costs deposited  
2 into a revolving relocation assistance fund established pursuant to  
3 section 2 of P.L.1987, c.98 (C.20:4-4.1a), fee revenues collected in  
4 connection with recreation programs operated pursuant to section 2  
5 of P.L.1999, c.292 (C.40:48-2.56), receipts from franchise  
6 assessments levied pursuant to section 4 of P.L.1995, c.173  
7 (C.40A:12A-53) to be retained by the municipality, refund  
8 payments from a joint insurance fund deposited into a joint  
9 insurance revolving fund established pursuant to section 12 of  
10 P.L.1996, c.113 (C.40A:10-36.2), fee revenues imposed on  
11 delinquent amounts owed to the county or municipality and  
12 collected pursuant to section 37 of P.L.2000, c.126 (C.40:23-6.53)  
13 (as amended by section 2 of this bill) and section 1 of P.L.1983,  
14 c.208 (C.40:48-5a) (as amended by section 3 of this bill), and,  
15 subject to the prior written consent of the director, other items of  
16 like character when the revenue is not subject to reasonably  
17 accurate estimate in advance, may be included in said budget by  
18 annexing to said budget a statement in substantially the following  
19 form:

20 "The dedicated revenues anticipated during the year ..... from  
21 ..... (here insert one or more of the sources above, as the case may  
22 be) are hereby anticipated as revenue and are hereby appropriated  
23 for the purposes to which said revenue is dedicated by statute or  
24 other legal requirement."

25 b. Dedicated revenues included in accordance with this section  
26 shall be available for expenditure by the local unit as and when  
27 received in cash during the fiscal year. The inclusion of such  
28 dedicated revenues shall be subject to the approval of the director,  
29 who may require such explanatory statements or data in connection  
30 therewith as the director deems advisable for the information and  
31 protection of the public.

32 (cf: P.L.1999, c.292, s.1)

33

34 5. This act shall take effect immediately.

35

36

37

STATEMENT

38

39 This bill would permit the comprehensive enforcement program  
40 of the State, municipal courts, counties, and municipalities to place  
41 a surcharge on delinquent debts of up to 25% to pay the costs of  
42 hiring a private debt collector. Those debts would include  
43 delinquent fines, fees, costs, surcharges, restitution, and other  
44 penalties. Under current law counties, municipal courts, and  
45 municipalities have the ability to hire private debt collectors, but  
46 then must pay them out of the delinquent monies collected, or from  
47 the county or municipal general fund. The bill would allow the  
48 comprehensive enforcement program of the State, municipal courts,

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5

1 municipalities, as well as counties, to make the delinquent debtor  
2 responsible for paying the costs of private collection, up to 25% of  
3 the amount of the delinquency. Collection surcharges that are  
4 collected by the county, municipality, or remitted to them by private  
5 debt collectors, would be dedicated revenues of the county or  
6 municipality, as applicable, to be used solely to pay the fees  
7 charged by the private debt collectors.

# SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

## STATEMENT TO

### **SENATE, No. 986**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: MAY 5, 2008

The Senate Community and Urban Affairs Committee reports favorably and with committee amendments Senate Bill No. 986.

As amended by the committee, this bill would permit the Administrative Director of the Courts to contract with private collection agencies to collect outstanding monies payable to the Superior Court, the Tax Court, or the municipal courts. The bill empowers the Administrative Director of the Courts to authorize private collection agencies to collect a fee, not to exceed 25% of the amount collected, to be paid by the defendant to the private collection agency to pay for the costs of collection.

Under current law counties, municipal courts, and municipalities have the ability to hire private debt collectors, but then must pay them out of the delinquent monies collected, or from the county or municipal general fund. This bill would allow counties and municipalities to authorize private collection agencies to assess a fee, not to exceed 25% of the amount collected, to be paid by the debtor. In the case of fines, costs, surcharges, and other assessments imposed by a municipal court, the county or municipality may only proceed if the court has exhausted all enforcement remedies and has relinquished jurisdiction of the enforcement of the penalties. The use of private collection agencies to collect penalties imposed by a court must be in accordance with rules and procedures adopted by the Supreme Court.

The bill clarifies that collection surcharges that are collected by a county or municipality, or remitted to them by private debt collectors, are to be dedicated revenues of the county or municipality, as applicable, to be used solely to pay the fees charged by the private debt collectors.

The committee amended the bill to permit the Administrative Director of the Courts, pursuant to rules and procedures adopted by the Supreme Court, to contract with private collection agencies to collect outstanding monies payable to the Superior Court, the Tax Court, or the municipal courts and to authorize private collection agencies to collect a fee, not to exceed 25% of the amount collected, to be paid by the defendant to the private collection agency to pay for the costs of collection.

The amendments also allow counties and municipalities to authorize private collection agencies to assess a fee, not to exceed 25% of the amount collected, to be paid by the debtor to cover the costs of collection of delinquent obligations.

The amendments provide that, in the case of fines, costs, surcharges, and other assessments imposed by a municipal court, the county or municipality may only turn the matter over to a private collection agency if the court has exhausted all enforcement remedies and has relinquished jurisdiction of the enforcement of the penalties, and that the use of private collection agencies to collect penalties are in accordance with rules and procedures adopted by the Supreme Court.

The amendments provide that the private collection agency would impose the fee rather than the public entity and that the collection fee would be a percentage of the amount collected, rather than a percentage of the amount of the delinquency.

STATEMENT TO  
[First Reprint]  
**SENATE, No. 986**

with Senate Floor Amendments  
(Proposed By Senator SARLO)

ADOPTED: DECEMBER 15, 2008

These floor amendments would:

- delete provisions that would have allowed counties and municipalities to contract with private firms to collect delinquent taxes;
- clarify that contracts with private firms are authorized for the collection of delinquent amounts that were imposed by a court after a final determination of guilt;
- clarify that the power of a county to contract with a private firm to collect delinquent amounts is limited to counties that are authorized under current law (N.J.S.A.2B:12-1 e.) to establish central municipal courts.

STATEMENT TO

[Second Reprint]

**SENATE, No. 986**

with Senate Floor Amendments  
(Proposed by Senator SARLO)

ADOPTED: DECEMBER 10, 2009

These floor amendments reduce the percentage of the administrative fee authorized under the bill to be assessed against a defendant by a private collection agency or firm from 25% of the amount owed to 22% of the amount owed.